

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

**April 23, 2015
(Revised-May 22, 2015)**

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, April 23, 2015 at 1:30 p.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Acting Human Resources Administrator: Wanda Hutchinson
Director of Finance: Stanley Milesky
Chief Administrative Officer: Lonnie Robbins
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh (Non-Voting Member in Fiscal Year 2015)
Representative, Fire and Rescue Supervisory Employees:
 Joseph L. Calo, II (Voting Member in Fiscal Year 2015)
Representative, Howard County Police Officers' Association, Lodge 21
 Mark Thomey
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl

Members Absent:

Budget Director: Holly Sun

Employees Plan:

Members Present:

Acting Human Resources Administrator: Wanda Hutchinson
Chief Administrative Officer: Lonnie Robbins
Deputy Director of Finance: Rafiu Ighile
Representative, American Federation of State, County and
 Municipal Employees Local 3080: Kim Drennon
Representative, American Federation of State, County and Municipal
 Employees Local 3085: Dale R. Chase

Members Absent:

Budget Director: Holly Sun

Employee Representative: Jeff Bronow (Proxy held by Rafiu Ighile)

Also present for all or a portion of the meeting were:

Sima Taghavi, Department of Finance

Eric Ralph, Summit Strategies Group

Paul W. Madden, Whiteford, Taylor & Preston L.L.P.

Teresa M. Reider, Retirement Coordinator

Scott Southern, Retirement Assistant, Office of Human Resources

Chuck Lindenberg, Representative of Local 3085

Report on March 19, 2015 Closed Session

On March 19, 2015 at 3:51 p.m., a motion was made by Lonnie Robbins and seconded by Rafiu Ighile to close the meeting pursuant to State Government Article Section 10-508(a)(7) to consult with legal counsel to obtain legal advice on a legal matter. Wanda Hutchinson, Lonnie Robbins, Rafiu Ighile, Holly Sun, Jeff Bronow and Kim Drennan voted in favor of the motion. There were no negative votes or abstentions. Dale Chase was absent.

During the meeting, counsel advised the members of the Committee on legal issues relating to the meaning of a term used in Section 1.431 of the Plan. No action was taken.

Minutes

Wanda Hutchinson acted as Chair of the meeting and Paul Madden acted as Secretary.

The minutes of the March 19, 2015 joint meeting were unanimously approved.

Terry Reider provided a report on retiree COLAs as of July 1, 2015. Terry reported that the annual COLAs for the Plans will be just under 0.25%. This is the smallest retiree COLA since the Plans were established.

Rafiu Ighile provided the report of the Investment Subcommittee on emerging market private equity fund of fund managers. On April 22, 2015, the Subcommittee interviewed three emerging market private equity managers: LGT, Common Fund and 57 Stars. The Subcommittee had intended to interview a fourth manager, Axiom Asia, but the representatives did not appear for the interview. All four managers are on Summit's Tier I list. After discussion, the Subcommittee recommended splitting a \$12 million allocation between LGT Crown Asia-Pacific Fund III ("CAPE III") and 57 Stars Global Opportunities Fund 4 ("GOF 4").

CAPE III is focused on emerging markets in Asia, whereas GOF 4 will include investments in Asia, Eastern Europe, South America and Africa. The recommended allocation is \$5 million to CAPE III and \$7 million to 57 Stars GOF 4. Eric noted that these allocations are consistent with the private equity funding plan recommended by Summit Strategies and adopted by the Joint Committee. Eric also noted that the allocation to Eastern Europe, Africa and Latin America will provide more diversification than an allocation solely to Asia. The Master Trust has previously invested in CAPE II.

After discussion, and upon motion duly made, seconded and unanimously approved, the Joint Committee adopted the recommendations of the Investment Subcommittee to make a \$5 million allocation to the CAPE III and \$7 million allocation to the 57 Stars GOF 4.

Next, Ben Dillon provided the report of Partners Group on the two global real estate funds in which the Master Trust has made investments.

The Master Trust made a \$25 million commitment to the Partners Group Global Real Estate Fund in March of 2012 and a \$15 million allocation to the Partners Group Global Real Estate 2014 Fund in December 2014.

Partners Group has \$45 billion in assets under management in private equity, private debt, private real estate and private infrastructure. Partners Group has over 700 employees representing over 50 nationalities across 18 offices. A 44 person global real estate investment team provides opportunities in the Americas, Asia-Pacific and Europe. During 2014, Partners Group sourced 1500 and closed 36 investments. This represents less than 2% of sourced deals. Ben Dillon reported that both funds are tracking well. Partners Group expects that the portfolio will be allocated approximately one-third to Europe, one-third to the United States and one-third to everywhere else. After completing the report and addressing questions from the Committee and consultants, Mr. Dillon left the meeting.

Next, Bob Provost, a partner in the acquisition group and Nileshe Bubna, a partner in the management group gave a report on TA Realty. Mr. Provost stated that a majority of the interests in TA Realty LLC was recently acquired by Mitsubishi Estate Co., Ltd. ("MEC") and Rockefeller Group International, Inc. ("RGI"). However, partners in TA Realty retain a minority interest. TA Realty does not believe that the acquisition will have a significant impact on the operations of TA Realty. It was also noted that Michael Ruane who owns 20% of TA Realty has a noncompete.

Fund VII, the first TA Realty fund in which the Master Trust invested, is targeted to be fully closed by March 31, 2016. Howard County invested \$5 million in Fund VII. It is anticipated that the County will not lose any part of its investment. Fund VIII has an excellent trailing 12 months with a yield on market of 14.80%.

Fund VIII was formed in June of 2006 and capitalized with \$1.7 million in equity. TA Realty Fund IX is the best performing of the three funds. Fund IX was formed in August of

2008 and capitalized with \$1.5 million of equity. For the trailing 12 months, the Fund generated a gross return of 18.51% as of December 31, 2014, the Fund had 80 investments with a total value of \$2.4 million vs. a cost basis of \$2.1 million. Upon completing their presentation and addressing questions from the Committee and Consultants, Messrs. Provost and Bubna left the meeting.

Next, Eric Ralph provided the Joint Committee with education on emerging market debt. He noted that the most recent asset allocation adopted by the Joint Committees includes an allocation to emerging market debt. Prior to interviewing managers, the next step in the process is to provide education to the Joint Committee on the role of emerging market debt in the portfolio. The proposed allocation is 5% of the Master Trust portfolio which is approximately \$38 million.

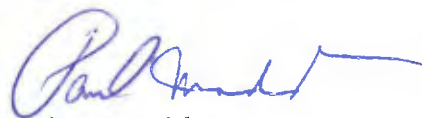
Emerging markets include countries having a Gross National Income per capita of less than \$17,726. From a diversification perspective, emerging market debt indices exhibit a low co-relation to traditional fixed income benchmarks, such as the Barclays US Aggregate.

Eric also noted that many emerging market countries have better underlying fundamentals than developed countries. These fundamentals include improved finances, better debt to GDP ratios, growing domestic demand and growing population. Accordingly, emerging markets may be better long-term investments than developed countries with debt-laden economies and maturing populations. Eric noted that there are a number of options for implementation of the emerging market debt mandate, including (1) investment in U.S. dollar denominated issues from sovereign or quasi-sovereign issuers, (2) investing in U.S. dollar denominated issues from corporate issuers in emerging markets and (3) investing in issues denominated in local currency. In the last case, the investor takes on a currency risk in exchange for potentially higher yield and also a number of blended options.

Eric also reported on the local currency emerging markets debt manager search. At the conclusion of the report, Summit recommended that the Committee interview Colchester, Investec and Lazard for the County's local currency emerging markets debt allocation. Richard Ruehl and Stan Milesky will be added to the Investment Subcommittee for the emerging market debt allocation.

There being no further business, the meeting adjourned.

Respectfully submitted,



Paul W. Madden
Secretary of the Meeting